



**COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 437  
LOS ANGELES, CA 90012  
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812



**MARK J. SALADINO**  
TREASURER AND TAX COLLECTOR

May 24, 2002

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**ISSUANCE AND SALE OF THE AZUSA UNIFIED SCHOOL DISTRICT  
(COUNTY OF LOS ANGELES, CALIFORNIA)  
GENERAL OBLIGATION BONDS ELECTION OF 2002, SERIES 2002  
(FIRST DISTRICT) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Azusa Unified School District in an aggregate principal amount not to exceed \$30,000,000.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Governing Board of the Azusa Unified School District adopted a resolution on May 21, 2002 and determined that the District needs to borrow funds in an aggregate principal amount not to exceed \$30 million to be used for authorized purposes.

On March 5, 2002, an election was held whereby qualified voters of the District approved the proposition authorizing the District to issue \$75 million in general obligation bonds in order to repair, improve, replace and renovate aging neighborhood schools and relieve overcrowding.

Pursuant to Section 15266 of the Education Code, the Board of Supervisors is responsible for offering the District's bonds for sale. Such bonds shall be issued in the name and on behalf of such school district by the Board of Supervisors of the County of Los Angeles following receipt of the district resolution requesting such borrowing.

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### Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Service Excellence by providing one stop service delivery to the school district. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. And, it supports the Strategic Plan Goal of Fiscal Responsibility by providing investment in and development of public school infrastructure in this County.

### **FISCAL IMPACT/FINANCING**

None to the County. All debt will be paid by the District.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Resolution provides for issuance of the bonds with interest not to exceed 8% per annum. The final structure will be determined at the time of pricing to achieve the lowest cost of financing within the limits of the proposition's tax levy. The term of the bonds will not exceed twenty-five years. Provisions for optional redemption of these bonds will be described in the Purchase Contract.

The Resolution provides for the negotiated sale of the bonds with participation by the Treasurer and Tax Collector in pricing of the bonds, to the Underwriter. The District has selected UBS PaineWebber Inc. as Underwriter; and Orrick, Herrington & Sutcliffe as the Bond Counsel; and U.S. Bank Trust National Association as Paying Agent.

The County will annually levy and collect ad valorem taxes for the repayment of the bonds on behalf of the District.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Not Applicable

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**CONCLUSION**

Upon approval of this Resolution, the Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino", with a horizontal line drawn underneath the name.

MARK J. SALADINO  
Treasurer and Tax Collector

MJS:DL:BLC:pab  
pb/board/azusa usd 2002 go bonds ser 2002

**Attachments(2)**

c:     Executive Officer, Board of Supervisors  
         Chief Administrative Officer  
         Auditor-Controller  
         County Counsel  
         Azusa Unified School District  
         Los Angeles County Office of Education  
         UBS Paine Webber  
         Orrick, Herrington & Sutcliffe  
         U.S. Bank Trust, National Association

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS ON BEHALF OF THE AZUSA UNIFIED SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000 BY A NEGOTIATED SALE PURSUANT TO A BOND PURCHASE CONTRACT, PRESCRIBING THE TERMS OF SALE OF THE BONDS, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BOND PURCHASE CONTRACT, AND AUTHORIZING THE EXECUTION OF NECESSARY CERTIFICATES RELATING TO THE BONDS.**

**WHEREAS**, an election was duly called and held in the Azusa Unified School District, County of Los Angeles, California (the "District"), on March 5, 2002, at which the following proposition (as abbreviated pursuant to Section 13247 of the California Elections Code) was submitted to the electors of the District:

"To improve, repair, replace, and renovate aging neighborhood schools, relieve overcrowding, and qualify for state matching funds, shall Azusa Unified School District issue \$75,000,000 in bonds, at interest rates within legal limits, to finance the renovation, construction, acquisition and improvement of local school facilities and land, including replacing outdated water, lighting, electrical and sewer systems, building classrooms and replacing portable classrooms, with annual audits, no proceeds for administrators' salaries, and a Citizens Oversight Committee to monitor all expenditures?"

**WHEREAS**, at least 55% of the votes cast on said proposition were in favor of issuing said bonds;

**WHEREAS**, none of the authorized bonds have heretofore been issued and sold;

**WHEREAS**, pursuant to California Education Code Section 15140 *et seq.*, the Board of Education of the District has requested the Board of Supervisors of the County to issue a portion of the bonds in a single series designated the "Azusa Unified School District General Obligation Bonds, Election of 2002, Series 2002" (the "Series 2002 Bonds") in an aggregate principal amount not exceeding \$30,000,000, and to authorize the sale of the bonds by a negotiated sale to UBS PaineWebber Inc. (the "Underwriter") pursuant to a Bond Purchase Contract (the "Bond Purchase Contract"), a form of which has been submitted to and is on file with the Executive Officer-Clerk of this Board of Supervisors, all according to the terms and in the manner set forth in a resolution (the "District Resolution") duly adopted by the Board of Education of the District on May 21, 2002, a certified copy of which has been filed with the Executive Officer-Clerk of this Board of Supervisors;

**WHEREAS**, this Board of Supervisors accepts the representations of the Board of Education in the District Resolution that it is desirable for the Board of Supervisors to issue the Series 2002 Bonds on behalf of the District and to sell the Series 2002 Bonds by a negotiated sale for the purposes for which the Series 2002 Bonds have been authorized on the terms and conditions set forth in the District Resolution and the Bond Purchase Contract; and

**WHEREAS**, the Series 2002 Bonds will be issued by this Board of Supervisors on behalf of the District, payable from ad valorem taxes to be levied on all taxable property in the District, as herein provided;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, AS FOLLOWS:**

**Section 1. Recitals.** All of the above recitals are true and correct.

**Section 2. Definitions.** Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution, have the meanings specified herein, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

**“Board of Education”** means the Board of Education of the District.

**“Board of Supervisors”** means the Board of Supervisors of the County.

**“Bond Purchase Contract”** means the Bond Purchase Contract relating to the sale of the Series 2002 Bonds by and among the County, the District and the Underwriter.

**“Capital Appreciation Series 2002 Bonds”** means those Series 2002 Bonds accreting interest semiannually to the maturity date thereof payable in accordance with Section 6(e) hereof.

**“Cede & Co.”** means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2002 Bonds.

**“Code”** means the Internal Revenue Code of 1986.

**“Continuing Disclosure Certificate”** means the Continuing Disclosure Certificate executed and delivered by the District relating to the Series 2002 Bonds.

**“County”** means the County of Los Angeles.

**“County Resolution”** means this Resolution of the Board of Supervisors.

**“Current Interest Series 2002 Bonds”** means those Series 2002 Bonds bearing interest payable semiannually on a current basis in accordance with Section 6(d) hereof.

**“District”** means the Azusa Unified School District.

**“District Resolution”** means the Resolution of the District adopted on May 21, 2002.

**“DTC”** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Series 2002 Bonds, including any such successor thereto appointed pursuant to Section 10 hereof.

**“Information Services”** means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 65 Broadway, 16th Floor, New York, New York 10006; Moody’s “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard & Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with the then current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services providing information with respect to called bonds as the District may designate.

**“Interest Payment Date”** means (unless otherwise specified in the Bond Purchase Contract) March 1 and September 1 of each year, commencing on March 1, 2003 with respect to the Current Interest Series 2002 Bonds and, for purposes of compounding interest on the Capital Appreciation Series 2002 Bonds, commencing on September 1, 2002, or such other dates as may be set forth in the Bond Purchase Contract.

**“Official Statement”** means the Official Statement of the District relating to the Series 2002 Bonds.

**“Owner”** means, with respect to any Series 2002 Bond, the person whose name appears on the Registration Books as the registered Owner thereof.

**“Paying Agent”** means the Treasurer or any bank, trust company, national banking association or other financial institution appointed as Paying Agent to act as authenticating agent, bond registrar, transfer agent and paying agent for the Series 2002 Bonds in accordance with Section 9 hereof.

**“Record Date”** means, with respect to any Interest Payment Date for the Series 2002 Bonds, the 15th day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a business day.

**“Registration Books”** means the books for the registration and transfer of the Series 2002 Bonds maintained by the Paying Agent in accordance with Section 9(d) hereof.

**“Securities Depositories”** means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; or, in accordance with then current guidelines of the Securities Exchange Commission, to such other addresses and/or such other securities depositories as the District may designate.

**“Series 2002 Bonds”** means the “Azusa Unified School District General Obligation Bonds, Election of 2002, Series 2002” issued pursuant hereto.

**“State”** means the State of California.

**“Tax Certificate”** means the Tax Certificate, executed by the District, dated the date of issuance of the Series 2002 Bonds.

**“Treasurer”** means the Treasurer and Tax Collector of the County or any authorized deputy thereof.

**“Underwriter”** means UBS PaineWebber Inc.

**Section 3. District Resolution Incorporated.** The District Resolution is incorporated herein by reference and all of the provisions thereof are made a part hereof and shall be applicable to the Series 2002 Bonds herein provided for, except as herein otherwise expressly provided.

**Section 4. Authorization and Designation of Bonds.** This Board of Supervisors hereby authorizes, on behalf of the District, the issuance and sale of not to exceed \$30,000,000 aggregate principal amount of Series 2002 Bonds. The Series 2002 Bonds shall be designated “Azusa Unified School District General Obligation Bonds, Election of 2002, Series 2002”. The Series 2002 Bonds shall be issued as Current Interest Series 2002 Bonds and Capital Appreciation Series 2002 Bonds, as provided in Section 6 hereof.

**Section 5. Form of Bonds; Execution.** (a) *Form of Series 2002 Bonds.* The Series 2002 Bonds shall be issued in fully registered form without coupons. The Current Interest Series 2002 Bonds, the Capital Appreciation Series 2002 Bonds, and the certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as Exhibit A and Exhibit B, respectively, with necessary or appropriate variations, omissions and insertions as permitted or required by this County Resolution.

(b) *Execution of Bonds.* The Series 2002 Bonds shall be signed by the manual or facsimile signatures of the Chairman of the Board of Supervisors and of the Treasurer or the Treasurer’s designee, and countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors. The Series 2002 Bonds shall be authenticated by a manual signature of a duly authorized signatory of the Paying Agent.

(c) *Valid Authentication.* Only such of the Series 2002 Bonds as shall bear thereon a certificate of authentication and registration as described in subsection (a), executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this County Resolution, and such certificate of authentication and registration shall be conclusive evidence that the Series 2002 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this County Resolution.

(d) *Identifying Number.* The Paying Agent shall assign each Series 2002 Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal office, which record shall be available to the District and the County for inspection.

**Section 6. Terms of Bonds.** (a) *Date of Series 2002 Bonds.* The Current Interest Series 2002 Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract. The Capital Appreciation Series 2002 Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract.

(b) *Denominations.* The Current Interest Series 2002 Bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof. The Capital Appreciation Series 2002 Bonds shall be issued in denominations of \$5,000 accreted value at maturity ("maturity value") or any integral multiple thereof, except that the first numbered Capital Appreciation Series 2002 Bond may be issued in a denomination such that the maturity value of such Capital Appreciation Series 2002 Bond shall not be an integral multiple of \$5,000.

(c) *Maturity.* The Current Interest Series 2002 Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Contract. No Current Interest Series 2002 Bond shall mature later than the date which is 25 years from the date of the Current Interest Series 2002 Bonds. No Current Interest Series 2002 Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Current Interest Series 2002 Bonds shall be issued.

The Capital Appreciation Series 2002 Bonds shall mature on the date or dates, in each of the years, and in such maturity values as shall be set forth in the Bond Purchase Contract. No Capital Appreciation Series 2002 Bond shall mature later than the date which is 25 years from the date of the Capital Appreciation Series 2002 Bonds, to be determined as provided in subsection (a) of this Section. No Capital Appreciation Series 2002 Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Capital Appreciation Series 2002 Bonds shall be issued.

(d) *Interest; Current Interest Series 2002 Bonds.* The Current Interest Series 2002 Bonds shall bear interest at an interest rate not to exceed 8.0% per annum, payable on the Interest Payment Dates in each year computed on the basis of a 360-day year of 12 30-day months. Each Current Interest Series 2002 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on a Record Date and on or prior to the succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Current Interest Series 2002 Bond, interest is in default on any outstanding Current Interest Series 2002 Bonds, such Current Interest Series 2002 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Current Interest Series 2002 Bonds.

(e) *Interest; Capital Appreciation Series 2002 Bonds.* The Capital Appreciation Series 2002 Bonds shall not bear current interest; each Capital Appreciation Series 2002 Bond shall accrete in value daily over the term to its maturity (on the basis of a 360-day year consisting of 12 30-day months), from its initial principal (denominational) amount on the date of issuance thereof to its stated maturity value at maturity thereof, on the basis of a constant interest rate compounded semiannually on each Interest Payment Date (with straight-line interpolations between Interest Payment Dates). The accreted value per \$5,000 maturity value of the Capital Appreciation Series 2002 Bonds on each Interest Payment Date shall be given for reference in a table of accreted values to appear in the Capital Appreciation Series 2002 Bonds; provided, however, that the accreted value determined in accordance with this Section shall prevail over



any different accreted value given in such table. Interest on the Capital Appreciation Series 2002 Bonds shall be payable only upon maturity or prior redemption thereof.

**Section 7. Payment of Bonds.** (a) *Sources of Payment for the Bonds.* The money for the payment of principal, redemption premium, if any, and interest with respect to the Series 2002 Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the interest and sinking fund of the District, and the Board of Supervisors hereby covenants to annually levy *ad valorem* taxes for the payment of the Series 2002 Bonds on all property in the District subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates).

(b) *Principal.* The principal of the Current Interest Series 2002 Bonds and the accreted value of the Capital Appreciation Series 2002 Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(c) *Interest; Record Date.* The interest on the Current Interest Series 2002 Bonds shall be payable on each Interest Payment Date in lawful money of the United States of America to the Owner thereof as of the Record Date preceding such Interest Payment Date, such interest to be paid by check or draft mailed on such Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to such Owner at such Owner's address as it appears on the Registration Books or at such address as the Owner may have filed with the Paying Agent for that purpose except that the payment shall be made in immediately available funds to any Owner of at least \$1,000,000 of outstanding Current Interest Series 2002 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Payment Date.

(d) *Interest and Sinking Fund.* Principal and interest due on the Series 2002 Bonds shall be paid from the interest and sinking fund of the District as provided in Section 15146 of the Education Code.

(e) *Obligation of the District.* No part of any fund or account of the County is pledged or obligated to the payment of the Series 2002 Bonds. The obligation for repayment of the Series 2002 Bonds is the sole obligation of the District.

(f) *Insurance.* The payment of principal and interest on the Series 2002 Bonds may be secured by an insurance policy as shall be described in the Bond Purchase Contract. The Bond Purchase Contract may provide that no insurance policy shall be obtained.

**Section 8. Redemption Provisions.** (a) *Optional Redemption.* The Current Interest Series 2002 Bonds shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, on the dates and terms as shall be specified in the Bond Purchase Contract. The Bond Purchase Contract may provide that the Current Interest Series 2002 Bonds shall not be subject to optional redemption. If less than all of the Current Interest Series 2002 Bonds are to be redeemed, such Series 2002 Bonds shall be so redeemed in inverse order of maturities, and if less than all of the Current Interest Series 2002 Bonds of any given maturity are

called for redemption, the portions of such Series 2002 Bonds of a given maturity to be redeemed shall be determined by lot.

Unless otherwise specified in the Bond Purchase Contract, the Capital Appreciation Series 2002 Bonds shall not be subject to optional redemption prior to their stated maturity dates.

(b) *Mandatory Sinking Fund Redemption.* The Current Interest Series 2002 Bonds, if any, which are designated in the Bond Purchase Contract as Current Interest Series 2002 Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Bond Purchase Contract. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Current Interest Series 2002 Bonds of that maturity optionally redeemed in accordance with the provisions hereof prior to the mandatory sinking fund payment date. The Bond Purchase Contract may provide that the Current Interest Series 2002 Bonds shall not be subject to mandatory sinking fund redemption.

The Capital Appreciation Series 2002 Bonds, if any, which are designated in the Bond Purchase Contract as Capital Appreciation Series 2002 Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Bond Purchase Contract. The amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Capital Appreciation Series 2002 Bonds of that maturity optionally redeemed in accordance with the provisions hereof prior to the mandatory sinking fund payment date. The Bond Purchase Contract may provide that the Capital Appreciation Series 2002 Bonds shall not be subject to mandatory sinking fund redemption.

(c) *Notice of Redemption.* Notice of any redemption of the Series 2002 Bonds shall be mailed by the Paying Agent, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the Registration Books, (ii) by certified, registered or overnight mail at least one business day before the mailing of notices to the Owners, to the Securities Depositories, (iii) by certified, registered or overnight mail at the time of the mailing to the Owners, to the Information Services, and (iv) as may be further required in accordance with the Continuing Disclosure Certificate.

Each notice of redemption shall contain all of the following information:

- (i) the date of such notice;
- (ii) the name of the Series 2002 Bonds and the date of issue of the Series 2002 Bonds;
- (iii) the redemption date;
- (iv) the redemption price;

- (v) the dates of maturity of the Series 2002 Bonds to be redeemed;
- (vi) if less than all of the Series 2002 Bonds of any maturity are to be redeemed, the distinctive numbers of the Series 2002 Bonds of each maturity to be redeemed;
- (vii) in the case of Series 2002 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2002 Bonds of each maturity to be redeemed;
- (viii) the CUSIP number, if any, of each maturity of Series 2002 Bonds to be redeemed;
- (ix) a statement that such Series 2002 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; and
- (x) notice that further interest on such Series 2002 Bonds will not accrue after the designated redemption date.

(d) *Effect of Notice.* A certificate of the Paying Agent that notice of redemption has been given to Owners and to the appropriate Securities Depositories and Information Services as herein provided shall be conclusive as against all parties. Neither the failure to receive the notice of redemption as provided in this Section, nor any defect in such notice shall affect the sufficiency of the proceedings for the redemption of the Series 2002 Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Series 2002 Bonds called for redemption is set aside for the purpose as described in subsection (e) of this Section, the Series 2002 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2002 Bonds at the place specified in the notice of redemption, such Series 2002 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2002 Bonds so called for redemption after such redemption date shall be entitled to payment thereof only from the interest and sinking fund or the trust fund established for such purpose. All Series 2002 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(e) *Funds for Redemption.* Prior to or on the redemption date of any Series 2002 Bonds there shall be available in the interest and sinking fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as in this County Resolution provided, the Series 2002 Bonds designated in the notice of redemption. Such monies shall be applied on or after the redemption date solely for payment of principal of, interest and premium, if any, on the Series 2002 Bonds to be redeemed upon presentation and surrender of such Series 2002 Bonds, provided that all monies in the interest and sinking fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the interest and

sinking fund of the District, unless otherwise provided to be paid from such monies held in trust. If, after all of the Series 2002 Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the interest and sinking fund of the District or otherwise held in trust for the payment of redemption price of the Series 2002 Bonds, the monies shall be held in or returned or transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from such fund; provided, however, that if the monies are part of the proceeds of bonds of the District, the monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

(f) *Defeasance of Bonds.* If at any time the District shall pay or cause to be paid or there shall otherwise be paid the principal, interest and premium, if any, on the Series 2002 Bonds at the times and in the manner provided herein and in the Series 2002 Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation of the District as provided in Section 7 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Series 2002 Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Series 2002 Bonds, but only out of monies on deposit in the interest and sinking fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (g) hereof shall apply in all events.

For purposes of this section, the District may pay and discharge any or all of the Series 2002 Bonds by depositing in trust with the Paying Agent or an escrow agent, selected by the District with the approval of the County, at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the interest and sinking fund of the District, be fully sufficient to pay and discharge the indebtedness on such Series 2002 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

(g) *Unclaimed Monies.* Any money held in any fund created pursuant to this County Resolution, or by the Paying Agent or an escrow agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Series 2002 Bonds and remaining unclaimed for one year after the principal of all of the Series 2002 Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from the fund; or, if no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

**Section 9. Paying Agent.** (a) *Appointment; Payment of Fees and Expenses.* This Board of Supervisors does hereby consent to and confirm the appointment of the Treasurer to act as the initial Paying Agent for the Series 2002 Bonds. The Treasurer is hereby authorized to contract

with any third party to perform the services of Paying Agent under this resolution. All fees and expenses of the Paying Agent shall be the sole responsibility of the District, and to the extent not paid from the proceeds of sale of the Bonds, or from the interest and sinking fund of the District, insofar as permitted by law, including specifically by Section 15232 of the California Education Code, such fees and expenses shall be paid by the District.

(b) *Resignation, Removal and Replacement of Paying Agent.* The Paying Agent initially appointed or any successor Paying Agent may resign from service as Paying Agent and may be removed at any time by the Treasurer as provided in the Paying Agent's service agreement. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the Treasurer shall appoint a successor Paying Agent, which shall be any bank, trust company, national banking association or other financial institution doing business in and having a corporate trust office in Los Angeles or San Francisco, California, with at least \$100,000,000 in net assets.

(c) *Principal Corporate Trust Office.* Unless otherwise specifically noted, any reference herein to the Paying Agent shall initially mean the Treasurer and his designated agents or his successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent, and any reference herein to the "principal corporate trust office" of the Paying Agent for purposes of transfer, registration, exchange, payment, and surrender of the Bonds shall initially mean the office of the Treasurer; provided, however, that in the event that "Paying Agent" shall refer to any successor paying agent, bond registrar, authenticating agent or transfer agent for the Series 2002 Bonds, "principal corporate trust office" shall include the principal corporate trust office or other office of such successor Paying Agent designated thereby for a particular purpose.

(d) *Registration Books.* The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Series 2002 Bonds, which shall at all times be open to inspection by the District and the County, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on the Registration Books, Series 2002 Bonds as provided in Section 10 and 11 hereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Series 2002 Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County in a format mutually agreeable to the Paying Agent and the County.

**Section 10. Transfer Under Book-Entry System; Discontinuation of Book-Entry System.** (a) DTC is hereby appointed depository for the Series 2002 Bonds. The Series 2002 Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of DTC. One bond certificate shall be issued for each maturity of the Current Interest Series 2002 Bonds, and one bond certificate shall be issued for each maturity of the Capital Appreciation Series 2002 Bonds. Registered ownership of such Series 2002 Bonds, or any portion thereof, may not thereafter be transferred except as provided in this Section or Section 11 hereof:

(i) To any successor of DTC, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute

depository”); provided, however that any successor of DTC, as nominee of DTC or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District or the County, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to substitute another depository for DTC (or its successor) because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the County can be obtained, or (2) a determination by the County (upon consultation with the District) that it is in the best interests of the County to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this Section, upon receipt of the outstanding Series 2002 Bonds by the Paying Agent, together with a written request of the District or County to the Paying Agent, a new Series 2002 Bond for each maturity shall be executed and delivered (in the case of Current Interest Series 2002 Bonds, in the aggregate principal amount of the Current Interest Series 2002 Bonds then outstanding, and in the case of Capital Appreciation Series 2002 Bonds, in the aggregate maturity value of the Capital Appreciation Series 2002 Bonds then outstanding), registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District or County. In the case of any transfer pursuant to clause (iii) of subsection (a) of this section, upon receipt of the outstanding Series 2002 Bonds by the Paying Agent together with a written request of the District or County to the Paying Agent, new Series 2002 Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District or County, subject to the limitations of Section 6 and the receipt of such a written request of the District or County, and thereafter, the Series 2002 Bonds shall be transferred pursuant to the provisions set forth in Section 11 of this County Resolution; provided, however, that the Paying Agent shall not be required to deliver such new Series 2002 Bonds within a period of less than 60 days after the receipt of any such written request of the District or County.

(c) In the case of partial redemption or an advance refunding of the Series 2002 Bonds evidencing all or a portion of the principal amount then outstanding, DTC shall make an appropriate notation on the Series 2002 Bonds indicating the date and amounts of such reduction in principal.

(d) The County, the District and the Paying Agent shall be entitled to treat the person in whose name any Series 2002 Bond is registered as the owner thereof, notwithstanding any notice to the contrary received by the County, the District or the Paying Agent; and the County, the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Series 2002 Bonds, and neither the County, the District or the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Series 2002 Bonds.

(e) So long as the outstanding Series 2002 Bonds are registered in the name of Cede & Co. or its registered assigns, the District, the County and the Paying Agent shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of and interest on the Series 2002 Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

**Section 11. Transfer and Exchange.** (a) *Transfer.* Following the termination or removal of DTC or successor depository pursuant to Section 10 hereof, any Series 2002 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2002 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Series 2002 Bond or Series 2002 Bonds shall be surrendered for transfer, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5, a new Series 2002 Bond or Series 2002 Bonds, of the same maturity, Interest Payment Date and interest rate (in the case of Current Interest Series 2002 Bonds, for a like aggregate principal amount, and in the case of Capital Appreciation Series 2002 Bonds, for a like aggregate maturity value). The Paying Agent may require the payment by any Owner of Series 2002 Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Series 2002 Bond shall be required to be made by the Paying Agent (1) during the period established by the Paying Agent for selection of the Series 2002 Bonds for redemption, and (2) after any Series 2002 Bond has been selected for redemption.

(b) *Exchange.* The Series 2002 Bonds may be exchanged for Series 2002 Bonds of other authorized denominations of the same maturity and Interest Payment Date, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2002 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Series 2002 Bond or Series 2002 Bonds shall be surrendered for exchange, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5, a new Series 2002 Bond or Series 2002 Bonds of the same maturity and interest payment mode and interest rate (in the case of Current Interest Series 2002 Bonds, for a

like aggregate principal amount, and in the case of Capital Appreciation Series 2002 Bonds, for a like aggregate maturity value). The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Series 2002 Bonds shall be required to be made by the Paying Agent (1) during the period established by the Paying Agent for selection of the Series 2002 Bonds for redemption, and (2) after any Series 2002 Bond has been selected for redemption.

**Section 12. Sale of Bonds; Bond Purchase Contract.** The Bond Purchase Contract submitted to and on file with the Executive Officer-Clerk of this Board of Supervisors providing for the sale by this Board of Supervisors and the purchase by the Underwriter of the Series 2002 Bonds at a purchase price to be set forth therein (which purchase price shall be approved by the Treasurer, this Board of Supervisors hereby expressly delegating to such officer the authority to execute the Bond Purchase Contract on its behalf), is hereby approved; provided, however, that (a) true interest cost for the Series 2002 Bonds shall not be in excess of 8.0%, (b) the interest rate on the Current Interest Series 2002 Bonds shall not exceed 8.0% per annum, (c) the Capital Appreciation Series 2002 Bonds shall accrete in value to their maturity values at a compounded interest rate not to exceed 8.0% per annum, (d) the minimum price for the Series 2002 Bonds shall be not less than the aggregate principal amount thereof, (e) the Underwriter's discount for the sale of the Series 2002 Bonds shall not exceed 2.0% of the principal amount of the Series 2002 Bonds (exclusive of any costs of issuance the Underwriter contracts to pay), and (f) the Series 2002 Bonds shall otherwise conform to the limitations specified herein.

The Bond Purchase Contract shall recite the aggregate principal amount of the Series 2002 Bonds, and with respect to the Current Interest Series 2002 Bonds, shall recite the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption thereof, if any; and with respect to the Capital Appreciation Series 2002 Bonds, shall recite the date thereof, the initial principal amounts, maturity dates, and maturity values of each maturity thereof, the initial and semiannual Interest Payment Dates thereof, and the terms of optional and mandatory sinking fund redemption thereof, if any.

The Treasurer (or an authorized deputy or delegate of the Treasurer) is hereby authorized and directed to accept the offer of the Underwriter when the offer is satisfactory to the Treasurer, and to execute and deliver the Bond Purchase Contract on behalf of the County in substantially the form now on file with this Board of Supervisors, with such changes therein as shall be approved by the authorized officer of the County executing the same, and such execution shall constitute conclusive evidence of the Treasurer's approval and the Board of Supervisors' approval of any change therein from the form of such Bond Purchase Contract.

**Section 13. Deposit and Investment of Proceeds.** (a) The proceeds from the sale of the Series 2002 Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury and credited to the building fund of the District. Any premium (net of any discount) and accrued interest shall be deposited upon receipt in the interest and sinking fund of the District within the County treasury maintained by the County Auditor-



Controller. The County makes no assurances regarding the use of the Series 2002 Bond proceeds.

(b) All funds held by the Treasurer hereunder shall be invested by the Treasurer pursuant to State law and the investment policy of the County.

(i) At the written request of the District, all or any portion of the building fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California.

(ii) At the written request of the District, all or any portion of the building fund of the District may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Series 2002 Bonds necessary in order to maintain the then-current rating on the Series 2002 Bonds.

**Section 14. Tax Covenant.** The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2002 Bonds under Section 103 of the Code, and that it will comply with the requirements of the Tax Certificate of the District with respect to the Series 2002 Bonds, to be entered into by the District as of the date of issuance of the Series 2002 Bonds, and further that such representation and covenant shall survive payment in full or defeasance of the Series 2002 Bonds.

**Section 15. Continuing Disclosure Certificate.** The County acknowledges and relies upon the fact that the District has represented that it shall execute a Continuing Disclosure Certificate containing such covenants of the District as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The County acknowledges and relies upon the fact that the District has covenanted that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. The District shall function as or cause the appointment of a dissemination agent, who shall perform all duties and obligations of the Dissemination Agent as set forth in the Continuing Disclosure Certificate, and the County shall have no responsibilities either for compliance with the Continuing Disclosure Certificate or for the duties of the Dissemination Agent.

**Section 16. Limited Responsibility for Official Statement.** Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the Official Statement of the District describing the Series 2002 Bonds, and the Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures, as they may relate to funds of the District, the Treasurer is hereby authorized and directed to prepare and review such information for inclusion in the District's Official Statement and in a preliminary Official Statement, and to certify to the District prior to or upon the issuance of the Series 2002 Bonds that the information contained in such section does not contain any untrue statement of a material

fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

**Section 17. Approval of Actions.** The Chairman of the Board of Supervisors, the Executive Officer-Clerk of the Board of Supervisors, the County Auditor-Controller, the County Counsel, and the Treasurer and the deputies and designees of any of them, are hereby authorized and directed to execute and deliver any and all certificates and representations, as may be acceptable to County Counsel, including signature certificates, no-litigation certificates, and other certificates proposed to be distributed in connection with the sale of the Series 2002 Bonds, necessary and desirable to accomplish the transactions authorized herein.

**Section 18. Effective Date.** This County Resolution shall take effect from and after its adoption.

The foregoing County Resolution was on the \_\_\_\_\_ day of \_\_\_\_\_, 2002, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which the Board so acts.

VIOLET VARONA-LUKENS, Executive  
Officer-Clerk of the Board of Supervisors of  
the County of Los Angeles

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN,  
County Counsel

By: Sheilah Curtis  
Principal Deputy County Counsel

## EXHIBIT A

### [Form of Current Interest Series 2002 Bond]

Number UNITED STATES OF AMERICA Amount  
R-\_\_ STATE OF CALIFORNIA \$\_\_\_\_\_  
COUNTY OF LOS ANGELES

AZUSA UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 2002, SERIES 2002

#### CURRENT INTEREST BOND

Maturity Date Interest Rate Dated as of CUSIP NO.  
\_\_\_\_\_, 1, \_\_\_\_\_, % \_\_\_\_\_, 2002 \_\_\_\_\_

Registered Owner: CEDE & CO.

Principal Sum: \_\_\_\_\_ DOLLARS

On behalf of the Azusa Unified School District, County of Los Angeles, State of California (herein called the "District"), the County of Los Angeles (the "County") hereby acknowledges itself obligated to and promises to pay to the registered owner identified above or registered assigns, on the maturity date set forth above or upon prior redemption hereof, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of a date during the period from the Record Date (as defined herein) next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before February 15, 2003, in which event it shall bear interest from the date hereof) at the interest rate per annum stated above, payable commencing on March 1, 2003, and thereafter on March 1 and September 1 in each year, until payment of the principal sum.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as defined in the County Resolution) of the Treasurer and Tax Collector of the County of Los Angeles (herein called the "Paying Agent"), the paying agent/registrar and transfer agent of the District. The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the 15<sup>th</sup> day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of current interest Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid in immediately available funds (e.g., by wire transfer) to

an account maintained in the United States as specified by the owner in such request. So long as Cede & Co. or its registered assigns shall be the registered owner of this bond, payment shall be made in immediately available funds as provided in the County Resolution hereinafter described.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, interest payment modes, maturities and redemption provisions), amounting in the aggregate to \$\_\_\_\_\_, and designated as "Azusa Unified School District General Obligation Bonds, Election of 2002, Series 2002" (the "Bonds"). The Bonds were authorized by a vote of at least fifty-five percent of the voters voting at an election duly and legally called, held and conducted in the District on March 5, 2002. The Bonds are issued and sold by the Board of Supervisors of the County pursuant to and in strict conformity with the provisions of the Constitution and laws of the State, and of a resolution (herein called the "County Resolution") adopted by the Board of Supervisors of the County on \_\_\_\_\_, 2002, and subject to the more particular terms specified in the Bond Purchase Contract, dated as of \_\_\_\_\_, 2002, by and among the District, the County and UBS PaineWebber Inc.

The current interest Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 principal amount or any integral multiple thereof, provided that no current interest Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the County Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, interest payment mode, and maturity of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the County Resolution, and upon surrender and cancellation of this bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations of the same series, interest payment mode, and same aggregate principal amount will be issued to the transferee in exchange herefor.

The County, the District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the County, the District and the Paying Agent shall not be affected by any notice to the contrary.

The Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the County Resolution, and as shown in the attached Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors of the County hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law; that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond; and that this bond is in substantially the form prescribed by order of the Board of Supervisors duly made and entered on its minutes. The Bonds represent an

obligation payable out of the interest and sinking fund of the District, and the money for the payment of principal of, premium, if any, and interest hereon, shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the County Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

**IN WITNESS WHEREOF**, the County of Los Angeles has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

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Chairman of the Board of  
Supervisors of the County of Los Angeles

[SEAL]

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Treasurer and Tax Collector of  
the County of Los Angeles

Countersigned:

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Executive Officer-Clerk of the Board  
of Supervisors of the County of Los  
Angeles

**PAYING AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION**

This is one of the current interest Bonds described in the within-mentioned County Resolution and authenticated and registered on \_\_\_\_\_.

Treasurer and Tax Collector of the County  
of Los Angeles, California, as Paying  
Agent/Registrar and Transfer Agent

By \_\_\_\_\_  
Authorized Officer

**DTC LEGEND**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**[STATEMENT OF INSURANCE]**

## ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

\_\_\_\_\_  
I.D. Number

\_\_\_\_\_  
NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_  
Notice: Signature must be guaranteed by an eligible guarantor institution.



## **REDEMPTION SCHEDULE**

**AZUSA UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
ELECTION OF 2002, SERIES 2002**

**EXHIBIT B**

**[Form of Capital Appreciation Series 2002 Bond]**

Number	UNITED STATES OF AMERICA	Maturity Value
CAB-__	STATE OF CALIFORNIA	\$ _____
	COUNTY OF LOS ANGELES	

**AZUSA UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 2002, SERIES 2002  
CAPITAL APPRECIATION BOND**

Maturity Date	Dated as of	CUSIP NO.
_____, 1, _____	_____, 2002	_____

Registered Owner: CEDE & CO.

Initial Principal Amount: \_\_\_\_\_ DOLLARS

Accreted Value at Maturity: \_\_\_\_\_ DOLLARS

On behalf of the Azusa Unified School District of the County of Los Angeles, State of California (herein called the "District"), the County of Los Angeles (the "County") hereby acknowledges itself obligated to and promises to pay, on the maturity date specified above or upon prior redemption hereof, in lawful money of the United States of America, to the registered owner identified above or registered assigns, the accreted value hereof on such date, consisting of the initial principal amount hereof plus interest accreted thereon to such date (in accordance with the County Resolution hereinafter defined and as reflected in the Table of Accreted Values hereinafter set forth; provided, that any accreted value determined in accordance with the County Resolution shall prevail over any accreted values given in the Table of Accreted Values), commencing on the date hereof, compounded on March 1 and September 1 of each year commencing on September 1, 2002, assuming in any such semiannual period that such interest accretes in equal daily amounts on the basis of a 360-day year of twelve 30-day months, until the obligation represented hereby shall have been discharged, as provided in the County Resolution hereinafter defined, upon the surrender hereof at the principal corporate trust office (as defined in the County Resolution) of the Treasurer and Tax Collector of the County of Los Angeles (herein called the "Paying Agent"), the paying agent/registrar and transfer agent of the District.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates or yields, interest payment modes, maturities and redemption provisions), amounting in the aggregate to \$\_\_\_\_\_ principal amount, and designated as "Azusa Unified School District General Obligation Bonds, Election of 2002, Series 2002" (the "Bonds"). The Bonds were authorized by a vote of at least fifty-five percent of the voters voting at an election duly and legally called, held and conducted in the District on March 5, 2002. The Bonds are issued and sold by the Board of Supervisors of the County pursuant to and in strict

conformity with the provisions of the Constitution and laws of the State, and of a resolution (herein called the "County Resolution") adopted by the Board of Supervisors of the County on \_\_\_\_\_, 2002, and subject to the more particular terms specified in the Bond Purchase Contract, dated as of \_\_\_\_\_, 2002, by and among the District, the County and UBS PaineWebber Inc.

The Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 accreted value at maturity (the "maturity value") or any integral multiple thereof, except that the first numbered Bond may be issued in a denomination such that the maturity value of such Bond shall not be in an integral multiple of \$5,000, and provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the County Resolution, Bonds may be exchanged for a like aggregate maturity value of Bonds of the same series, interest payment mode, and maturity of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the County Resolution, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations for the same series, interest payment mode, and same aggregate maturity value will be issued to the transferee in exchange herefor.

The County, the District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the County, the District and the Paying Agent shall not be affected by any notice to the contrary.

The Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the County Resolution, and as shown in the attached Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors of the County hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law, that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond, and that this bond is in substantially the form prescribed by order of this Board duly made and entered on its minutes. The Bonds represent an obligation payable out of the interest and sinking fund of the District, and the money for the payment of the maturity value of this bond (or redemption price hereof upon redemption prior to maturity), shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the County Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

**IN WITNESS WHEREOF**, the County of Los Angeles has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

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Chairman of the Board of  
Supervisors of the County of Los Angeles

[SEAL]

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Treasurer and Tax Collector of  
the County of Los Angeles

Countersigned:

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Executive Officer-Clerk of  
the Board of Supervisors of the County  
of Los Angeles

**PAYING AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION**

This is one of the Bonds described in the within-mentioned County Resolution and authenticated and registered on \_\_\_\_\_.

Treasurer and Tax Collector of the County  
of Los Angeles, California, as Paying  
Agent/Registrar and Transfer Agent

By \_\_\_\_\_  
Authorized Officer

**DTC LEGEND**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**[STATEMENT OF INSURANCE]**

## ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

\_\_\_\_\_  
I.D. Number

\_\_\_\_\_  
NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_  
Notice: Signature must be guaranteed by an eligible guarantor institution.

**REDEMPTION SCHEDULE**

**AZUSA UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
ELECTION OF 2002, SERIES 2002**

**[TABLE OF ACCRETED VALUES]**



\$ \_\_\_\_\_  
**AZUSA UNIFIED SCHOOL DISTRICT  
LOS ANGELES COUNTY, CALIFORNIA  
GENERAL OBLIGATION BONDS, ELECTION OF 2002, SERIES A**

**PURCHASE CONTRACT**

June \_\_, 2002

County of Los Angeles  
Treasurer and Tax Collector  
500 West Temple Street  
437 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

Azusa Unified School District  
Board of Trustees  
546 S. Citrus  
Azusa, CA 91702-0500

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this Purchase Contract (the "Purchase Contract") with Los Angeles County, California (the "County"), and the Azusa Unified School District (the "District"), which, upon your acceptance hereof, will be binding upon the County, the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the County and the District and delivery of such acceptance to us at or prior to 11:59 P.M., Pacific Daylight Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$ \_\_\_\_\_ in aggregate initial principal amount of the District's General Obligation Bonds, Election of 2002, Series A (the "Bonds"). The Bonds are being issued both as Current Interest Bonds and as Capital Appreciation Bonds (as defined in the County Resolution described below). The Bonds shall bear or accrete interest at the rates and shall mature on the dates shown on Appendix A hereto, which is incorporated herein by this reference. The Current Interest Bonds are dated as of the date of delivery, shall accrue interest from such date, and the Capital Appreciation Bonds shall be dated their date of delivery and shall accrue interest from such date, compounded semiannually on March 1 and September 1, commencing September 1, 2002, and shall be paid at maturity as shown in Appendix A hereto. The Underwriter shall purchase the Bonds at a price of \$ \_\_\_\_\_ (consisting of the principal amount of the Bonds of \$ \_\_\_\_\_, less underwriter's discount of \$ \_\_\_\_\_, plus original issue premium of \$ \_\_\_\_\_, less \$ \_\_\_\_\_ to be used by the Underwriter to pay costs of issuance, as provided below). If, after payment of all costs of issuance, the amount paid by the Underwriter is less than \$ \_\_\_\_\_, the Underwriter shall return the remaining amount to the District for deposit into the Debt Service Fund.

2. **The Bonds.** The Bonds shall mature on the dates shown on Appendix A hereto, and shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on May 21, 2002 (the "Bond Resolution") and the Resolution of the Board of Supervisors of the County adopted \_\_\_\_\_, 2002 (the "County Resolution" and, collectively with the Bond Resolution, the "Resolutions") and Section 15100 *et seq.* of the California Education Code (the "Act").

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolutions. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York; the Bonds shall initially be in authorized denominations of \$5,000 principal or maturity value each or any integral multiple thereof.

3. **Use of Documents.** The District and the County hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract and an Official Statement (defined below), the Resolutions and all information contained herein and therein and all of the documents, certificates or statements furnished by the District or the County to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

4. **Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover page of the Official Statement. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds.

5. **Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated June \_\_, 2002 (the "Preliminary Official Statement"). The District represents that it deems the Preliminary Official Statement to be final, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

6. **Closing.** At 8:00 A.M., Pacific Daylight Time, on July \_\_, 2002 or at such other time or on such other date as shall have been mutually agreed upon by you and us (the "Closing"), you will deliver to us, at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as we may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Orrick Herrington & Sutcliffe LLP ("Bond Counsel"), in San Francisco, California, the other documents hereinafter mentioned; and we will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of the District.

7. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The District is a public instrumentality duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Contract, to adopt the Bond Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Bond Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Bond Resolution and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract constitutes a valid and legally binding obligation of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) Internal Revenue Code. The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Bond Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal or accreted value of and interest on the Bonds, or the pledge thereof, or, the levy of any taxes contemplated by the Resolutions or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase

Contract or the Resolutions or contesting the powers of the District or its authority with respect to the Bonds, the Resolutions or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Arbitrage Certificate. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(i) Certificates. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(j) Continuing Disclosure. At or prior to the Closing, the District shall have duly authorized, executed and delivered a continuing disclosure agreement (the "Continuing Disclosure Agreement") on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Agreement shall comply with the provisions of Rule 15c 2-12(b)(5) and be substantially in the form attached to the Official Statement in Appendix C.

**8. Representations, Warranties and Agreements of the County.** The County hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Purchase Contract, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations contained in the Bonds, the County Resolution and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract constitutes a valid and legally binding obligation of the County; and (v) the County has duly authorized the consummation by it of all of its transactions contemplated by this Purchase Contract.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body

whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the County shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) No Conflicts. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Purchase Contract, the County Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the County a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject.

(e) Litigation. As of the time of acceptance hereof, based on the advice of County Counsel, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or of the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the Resolutions or contesting the powers of the County or its authority with respect to the Bonds, the Resolutions or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the County or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(f) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(g) Arbitrage Certificate. The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is a bond issuer whose arbitrage certificates may not be relied upon.

(h) Certificates. Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

9. **Covenants of the County and the District.** The County and the District respectively covenant and agree with the Underwriter that:

(a) Securities Laws. The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as

the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions, provided, however, that the County and the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Bond Resolution;

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered (and the County agrees to cooperate with the District in connection with such delivery) to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Contract is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter, the County and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities as may be requested by the Underwriter not later than five (5) business days following the date this Purchase Contract is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the County or the District, respectively, until the date which is ninety (90) days following the Closing;

(e) References. References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto; and

(f) Amendments to Official Statement. For a period of ninety (90) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale, the District will adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by the Underwriter; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

10. **Conditions to Closing.** The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the County and the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of

Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the County and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Contract, the Bond Resolution and the County Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by us; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the County and the District shall perform or have performed all of their obligations required under or specified in the Bond Resolution, the County Resolution, this Purchase Contract or the Official Statement to be performed at or prior to the Closing;

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, pending or threatened which has any of the effects describe in Section 7(f) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, of the Bonds shall not have been materially adversely affected in the judgment of the Underwriter (evidenced by a written notice to the County and the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) Delivery of Documents. At or prior to the date of the Closing, the Underwriter shall receive three copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) Bond Opinion. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the County and the District;

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in (e)(1) above;

(3) Certificates. A certificate signed by appropriate officials of the County and the District to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the County and the District herein are true and correct in all material respects as of the date of Closing, (iii) the County and the District have complied with all the terms of the Bond Resolution, the



County Resolution and this Purchase Contract to be complied with by the County and the District prior to or concurrently with the Closing and, as to the District, such documents are in full force and effect, (iv) such District officials have reviewed the Official Statement and on such basis certify that the Official Statement does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution;

(4) Arbitrage. A nonarbitrage certificate of the District in form satisfactory to Bond Counsel;

(5) Rating. Evidence satisfactory to the Underwriter that the Bonds shall have been rated "Aaa" by Moody's Investors Service ("Moody's) and "AAA" by Standard & Poor's, a division of the McGraw-Hill Companies ("Standard & Poor's") (or such other equivalent ratings as such rating agencies may give) and that any such ratings have not been revoked or downgraded;

(6) Bond Resolution. A certificate, together with fully executed copies of the Bond Resolution, of the Clerk of the District Board of Trustees to the effect that:

(i) such copies are true and correct copies of the Bond Resolution;  
and

(ii) that the Bond Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(7) County Resolution. A certificate, together with fully executed copies of the County Resolution, of the Executive Officer-Clerk of the County Board of Supervisors to the effect that:

(i) such copies are true and correct copies of the County Resolution;  
and

(ii) that the County Resolution was duly adopted;

(8) County Counsel Opinion. An opinion of Counsel to the County in the form attached hereto as Appendix B;

(9) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule;

(10) Policy of Insurance. A policy of insurance from an insurance provider satisfactory to the Underwriter, insuring the payment of principal of and interest on the Bonds; and

(11) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix D thereto.

(12) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence compliance (i) by the County and the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the County and the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the County and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, Pacific Daylight Time, on July \_\_, 2002 then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 12 hereof.

If the County and/or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the County and the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

**11. Conditions to Obligations of the County and the District.** The performance by the County and the District of their obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the County and the District.

**12. Expenses.** (a) The Underwriter shall pay the following expenses up to the total amount of \$ \_\_\_\_: (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings, including all necessary travel expenses; (v) the cost of the printing and distribution of the Official Statement; (vi) the initial fees of the Paying Agent; (vii) the bond insurance premium; and (viii) all other fees and expenses incident to the issuance and sale of the Bonds. In the event that following payment of the expenses set forth above, there is any portion of such amount remaining with the Underwriter, the Underwriter shall remit such remaining amount to the District and the District shall deposit such amount into the Debt Service Fund. At the time that all costs of issuance are paid, the Underwriter shall provide the District with a complete accounting of such payments and any amounts remaining after all payments have been made.

(b) In addition to the above expenses, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel and other expenses (except as provided above) without limitation.

**13. Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering

the same in writing if to the County, to the Treasurer and Tax Collector, County of Los Angeles, 500 West Temple Street, 437 Kenneth Hahn Hall Administration, Los Angeles, California 90012; if to the District, to the Business Manager/Chief Financial Officer, Azusa Unified School District, 546 S. Citrus, Azusa, California 91702-0500; or if to the Underwriter, to UBS PaineWebber, Inc., 777 South Figueroa Street, 50th Floor, Los Angeles, California, 90017.

14. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. This Purchase Contract is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All your representations, warranties and agreements of the County and the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Contract.

15. **Execution in Counterparts.** This Purchase Contract may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

16. **Applicable Law.** This Purchase Contract shall be interpreted, governed and enforced in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Very truly yours,

UBS PAINEWEBBER INC.

By: \_\_\_\_\_  
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

LOS ANGELES COUNTY

Accepted:

\_\_\_\_\_  
Treasurer and Tax Collector

Approved as to Form:

LLOYD W. PELLMAN, County Counsel

By: \_\_\_\_\_  
Principal Deputy County Counsel

AZUSA UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_  
Business Manager/Chief Financial Officer

## APPENDIX A

<b>Maturity (September 1)</b>	<b>Original Principal <u>Amount</u></b>	<b>Coupon Yield to <u>Maturity</u></b>	<b>Reoffering Principal <u>Amount</u></b>	<b>Reoffering Yield to <u>Maturity</u></b>	<b>Maturity <u>Value</u></b>
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## APPENDIX B

### OPINION OF COUNTY COUNSEL

§ \_\_\_\_\_  
AZUSA UNIFIED SCHOOL DISTRICT  
LOS ANGELES COUNTY, CALIFORNIA  
GENERAL OBLIGATION BONDS, ELECTION OF 2002, SERIES A

Ladies and Gentlemen

This opinion is rendered as counsel to the County of Los Angeles (the "County") in connection with the issuance by the Azusa Unified School District (the "District") of its General Obligation Bonds, Election of 2002, Series A in the aggregate principal amount of \$ \_\_\_\_\_ ("Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on \_\_\_\_\_, 2002 (the "County Resolution"), at the request of the District made pursuant to a resolution adopted by the Board of Trustees of the District on May 21, 2002 (the "District Resolution").

In rendering this opinion, we have examined the County Resolution and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with respect to the laws of the State of California (the "State"), we are of the opinion, as of the date hereof, that:

1. The County is a political subdivision duly organized and existing pursuant to the Constitution and the laws of the State of California.

2. The County Resolution approving and authorizing the execution and delivery of the Purchase Contract and the issuance of the Bonds was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, has not been modified, amended, rescinded or revoked and is in full force and effect on the date hereof.

3. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against the County (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for issuance and sale of the Bonds to their respective officers; (b) seeking to prohibit, restrain or enjoin the execution of the Purchase Contract or the issuance of the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds, the Purchase Contract, or the County Resolution; (c) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under the County Resolution or the Purchase Contract; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for payment of the Bonds.

4. The Purchase Contract has been duly authorized, executed and delivered by the County and the Bonds have been duly authorized by the County, executed by the County on behalf of the District and delivered by the County and, assuming due authorization, execution and delivery by the other parties

thereto, the Purchase Contract will constitute the legal, valid and binding agreement of the County enforceable against the County in accordance with its terms.

With respect to the opinions we have expressed, enforcement of the rights and obligations under the County Resolution, the Purchase Contract and the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles if equitable remedies are sought, and by limitations on legal remedies imposed in actions against public entities in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the County Resolution, the Purchase Contract or the Bonds.

Very truly yours,

LLOYD W. PELLMAN  
County Counsel

By: \_\_\_\_\_  
Principal Deputy County Counsel

## **RESOLUTION #01-02:94**

**RESOLUTION OF THE BOARD OF EDUCATION OF THE AZUSA UNIFIED SCHOOL DISTRICT PRESCRIBING THE TERMS OF SALE OF NOT TO EXCEED \$30,000,000 AGGREGATE PRINCIPAL AMOUNT OF BONDS OF AZUSA UNIFIED SCHOOL DISTRICT, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO ISSUE AND SELL THE BONDS BY A NEGOTIATED SALE PURSUANT TO A BOND PURCHASE CONTRACT, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BOND PURCHASE CONTRACT, APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT FOR THE BONDS, AND AUTHORIZING THE EXECUTION OF NECESSARY CERTIFICATES RELATING TO THE BONDS**

**WHEREAS**, an election was duly called and regularly held in the Azusa Unified School District, County of Los Angeles, California (the "District"), on March 5, 2002, at which the following proposition (as abbreviated pursuant to Section 13247 of the California Elections Code) was submitted to the electors of the District:

"To improve, repair, replace, and renovate aging neighborhood schools, relieve overcrowding, and qualify for state matching funds, shall Azusa Unified School District issue \$75,000,000 in bonds, at interest rates within legal limits, to finance the renovation, construction, acquisition and improvement of local school facilities and land, including replacing outdated water, lighting, electrical and sewer systems, building classrooms and replacing portable classrooms, with annual audits, no proceeds for administrators' salaries, and a Citizens Oversight Committee to monitor all expenditures?"

**WHEREAS**, at least 55% of the votes cast on said proposition were in favor of issuing said bonds;

**WHEREAS**, none of the authorized bonds have heretofore been issued and sold;

**WHEREAS**, pursuant to California Education Code Section 15140 *et seq.*, the Board of Education of the District deems it necessary and desirable that the Board of Supervisors of the County authorize and consummate the sale of a portion of the bonds in a single series designated the "Azusa Unified School District General Obligation Bonds, Election of 2002, Series 2002" (the "Series 2002 Bonds") in an aggregate principal amount not exceeding \$30,000,000, according to the terms and in the manner hereinafter set forth;

**WHEREAS**, the Board of Education has determined that it would be in the best interest of the District to authorize the obtaining of an insurance policy to secure the timely payment of the principal of and interest on the Series 2002 Bonds;



**WHEREAS**, a form of the Bond Purchase Contract (the “Bond Purchase Contract”) to purchase the Series 2002 Bonds proposed to be entered into with UBS PaineWebber Inc., as underwriter (the “Underwriter”), has been prepared;

**WHEREAS**, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) requires that, in order to be able to purchase or sell the Series 2002 Bonds, the Underwriter must have reasonably determined that the issuer or other obligated person has undertaken in a written agreement or contract for the benefit of the holders of the Series 2002 Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis;

**WHEREAS**, in order to cause such requirement to be satisfied, the District desires to execute and deliver a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”);

**WHEREAS**, a form of the Preliminary Official Statement (the “Preliminary Official Statement”) to be distributed in connection with the public offering of the Series 2002 Bonds has been prepared;

**WHEREAS**, the Board of Education has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Education has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Education of the Azusa Unified School District, as follows:

**Section 1. Recitals.** All of the above recitals are true and correct and the Board of Education so finds.

**Section 2. Definitions.** Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution, have the meanings specified herein, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“**Authorized Officers**” means the President of the Board of Education, or such other member of the Board of Education as the President may designate, the Superintendent of the District and the Business Manager/Chief Financial Officer of the District, or such other officer or employee of the District as the Superintendent may designate.

“**Board of Education**” means the Board of Education of the District.

**“Board of Supervisors”** means the Board of Supervisors of the County.

**“Bond Purchase Contract”** means the Bond Purchase Contract relating to the sale of the Series 2002 Bonds executed by the County, the District and the Underwriter in accordance with the provisions hereof.

**“Capital Appreciation Series 2002 Bonds”** means those Series 2002 Bonds accreting interest semiannually to the maturity date thereof payable in accordance with Section 4(e) hereof.

**“Code”** means the Internal Revenue Code of 1986.

**“Continuing Disclosure Certificate”** means the Continuing Disclosure Certificate executed and delivered by the District relating to the Series 2002 Bonds.

**“County”** means the County of Los Angeles.

**“Current Interest Series 2002 Bonds”** means those Series 2002 Bonds bearing interest payable semiannually on a current basis in accordance with Section 4(d) hereof.

**“District”** means the Azusa Unified School District.

**“District Resolution”** means this Resolution of the Board of Education adopted on May 21, 2002.

**“Official Statement”** means the Official Statement of the District relating to the Series 2002 Bonds.

**“Opinion of Bond Counsel”** means an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds.

**“Series 2002 Bonds”** means the “Azusa Unified School District General Obligation Bonds, Election of 2002, Series 2002”.

**“State”** means the State of California.

**“Tax Certificate”** means the Tax Certificate, executed by the District, dated the date of issuance of the Series 2002 Bonds.

**“Treasurer”** means the Treasurer and Tax Collector of the County or any authorized deputy thereof.

**“Underwriter”** means UBS PaineWebber Inc.

**Section 3. Request for Sale of Series 2002 Bonds; Use of Proceeds.** The Board of Supervisors of the County is hereby requested to sell, by negotiated sale to the Underwriter, not to exceed \$30,000,000 aggregate principal amount of Series 2002 Bonds and to designate the Series 2002 Bonds as the “Azusa Unified School District General Obligation Bonds, Election of 2002, Series 2002”. The Series 2002 Bonds shall be issued as Current Interest Series 2002 Bonds and Capital Appreciation Series 2002 Bonds, as provided in Section 4 hereof.

**Section 4. Terms of Series 2002 Bonds.** (a) *Date of Bonds.* The Current Interest Series 2002 Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract. The Capital Appreciation Series 2002 Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract.

(b) *Denominations.* The Current Interest Series 2002 Bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof. The Capital Appreciation Series 2002 Bonds shall be issued in denominations of \$5,000 accreted value at maturity ("maturity value") or any integral multiple thereof, except that the first numbered Capital Appreciation Series 2002 Bond may be issued in a denomination such that the maturity value of such Capital Appreciation Series 2002 Bond shall not be in an integral multiple of \$5,000.

(c) *Maturity.* The Current Interest Series 2002 Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Contract. No Current Interest Series 2002 Bond shall mature later than the date which is 25 years from the date of the Current Interest Series 2002 Bonds, to be determined as provided in subsection (a) of this Section. No Current Interest Series 2002 Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Current Interest Series 2002 Bonds shall be issued.

The Capital Appreciation Series 2002 Bonds shall mature on the date or dates, in each of the years, and in the maturity values as shall be set forth in the Bond Purchase Contract. No Capital Appreciation Series 2002 Bond shall mature later than the date which is 25 years from the date of the Capital Appreciation Series 2002 Bonds, to be determined as provided in subsection (a) of this Section. No Capital Appreciation Series 2002 Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Capital Appreciation Series 2002 Bonds shall be issued.

The Current Interest Series 2002 Bonds may mature in the same year or years as the Capital Appreciation Series 2002 Bonds, without limitation. The aggregate principal amount of the Series 2002 Bonds shall not exceed \$30,000,000.

(d) *Interest on Current Interest Series 2002 Bonds.* The Current Interest Series 2002 Bonds shall bear interest at an interest rate not to exceed 8.0% per annum, computed on the basis of a 360-day year of 12 30-day months, first payable on March 1, 2003, and thereafter on March 1 and September 1 in each year (or on such other initial and semiannual interest payment dates as shall be set forth in the Bond Purchase Contract).

(e) *Interest on Capital Appreciation Series 2002 Bonds.* The Capital Appreciation Series 2002 Bonds shall not bear current interest; each Capital Appreciation Series 2002 Bond shall accrete in value from its initial principal (denominational) amount on the date of issuance thereof to its stated maturity value at maturity thereof, at a compounded interest rate which shall not exceed 8.0% per annum. The interest on the Capital Appreciation Series 2002 Bonds shall be compounded commencing on September 1, 2002, and thereafter on March 1 and September 1 in each year (or on such other initial and semiannual interest payment dates as shall be set forth

in the Bond Purchase Contract), and shall be payable only upon maturity or prior redemption thereof.

(f) *Request for Tax Levy.* The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Series 2002 Bonds in such year, and to pay from such taxes all amounts due on the Series 2002 Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to redeem the Series 2002 Bonds, and to pay the principal, redemption premium, if any, and interest thereon as and when the same become due. No part of any fund or account of the County is pledged or obligated to the payment of the Series 2002 Bonds.

(g) *Insurance.* The payment of principal and interest on the Series 2002 Bonds may be secured by an insurance policy as shall be described in the Bond Purchase Contract. The Bond Purchase Contract may provide that no insurance policy shall be obtained.

(h) *Appointment of Paying Agent; Payment of Fees and Expenses.* This Board of Education does hereby consent to and confirm the appointment of the Treasurer to act as the initial paying agent for the Series 2002 Bonds. The Treasurer is hereby authorized to contract with any third party to perform the services of paying agent for the Series 2002 Bonds. All fees and expenses of the paying agent shall be the sole responsibility of the District, and to the extent not paid from the proceeds of sale of the Series 2002 Bonds, or from the interest and sinking fund of the District, insofar as permitted by law, including specifically by Section 15232 of the California Education Code, such fees and expenses shall be paid by the District.

**Section 5. Redemption Provisions.** The Series 2002 Bonds shall be subject to redemption prior to their respective stated maturity dates at the option of the District as set forth in the Bond Purchase Contract and in the Series 2002 Bonds. The Series 2002 Bonds shall also be subject to mandatory sinking fund redemption, as specified in the Bond Purchase Contract and in the Series 2002 Bonds. The Bond Purchase Contract may provide that the Series 2002 Bonds shall not be subject to optional or mandatory sinking fund redemption, and may provide separate and distinct redemption provisions for the Current Interest Series 2002 Bonds and the Capital Appreciation Series 2002 Bonds.

**Section 6. Bond Purchase Contract; Sale of Bonds.** The form of Bond Purchase Contract on file with the Clerk of the Board of Education, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that (a) the true interest cost for the Series 2002 Bonds shall not be in excess of 8.0%, (b) the interest rate on the Current Interest Series 2002 Bonds shall not exceed 8.0% per annum, (c) the Capital Appreciation Series 2002 Bonds shall accrete in value to their maturity values at a compounded interest rate not to exceed 8.0% per annum, (d) the minimum price for the Series 2002 Bonds shall be not less than the aggregate principal amount thereof, (e) the Underwriter's discount for the sale of the Series 2002 Bonds shall not exceed 2.0% of the principal amount of the Series 2002 Bonds (exclusive of any costs of issuance the Underwriter contracts to pay), and

(f) the Series 2002 Bonds shall otherwise conform to the limitations specified herein. The Board of Supervisors is hereby requested to cause the Bond Purchase Contract to be executed and delivered by the County, subject to such changes or revisions therein as may be acceptable to the District and to the Board of Supervisors or the County officer to whom execution of the Bond Purchase Contract is delegated.

**Section 7. Continuing Disclosure Certificate.** The form of Continuing Disclosure Certificate, on file with the Clerk of the Board of Education, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The District hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

**Section 8. Preliminary Official Statement.** The form of Preliminary Official Statement, on file with the Clerk of the Board of Education, with such changes therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Series 2002 Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

**Section 9. Official Statement.** The preparation and delivery of an Official Statement, and its use by the Underwriter in connection with the offering and sale of the Series 2002 Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the District, to execute the final Official Statement and any amendment or supplement thereto and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter.

**Section 10. Investment of Proceeds.** (a) The Board of Education hereby reserves the right to request that the Treasurer invest proceeds of the Series 2002 Bonds in any investment permitted to the District by California Government Code Section 53601 *et. seq.*, as the same may be amended or supplemented from time to time. In addition, (i) at the written request of an Authorized Officer, each of whom is hereby expressly authorized to make such request, all or any portion of the building fund of the District may be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State, and (ii) at the written request of an Authorized Officer, given by an Authorized Officer, each of whom is hereby expressly authorized to make such request, all or any portion of the building fund of the District may be invested on behalf of the District, in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Series 2002 Bonds necessary in order to maintain the then-current rating on the Series 2002 Bonds.

(b) In the absence of written request from the District, proceeds of the Series 2002 Bonds shall be invested by the Treasurer pursuant to State law, including California Government Code Section 53635, and the investment policy of the County.

**Section 11. Tax Covenants.** (a) The District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2002 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the District hereby covenants that it will comply with the requirements of the Tax Certificate to be executed by the District on the date of issuance of the Series 2002 Bonds. The provisions of this subsection (a) shall survive payment in full or defeasance of the Series 2002 Bonds.

(b) In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Treasurer on behalf of the District, in accordance with this District Resolution or pursuant to law, the District shall so request of the Treasurer in writing, and the District shall make its best efforts to ensure that the Treasurer shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provision of this Section, if the District shall provide to the Treasurer an Opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2002 Bonds, the Treasurer may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

**Section 12. Delegation of Authority.** The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this District Resolution, including, without limitation, upon consultation with the Treasurer, negotiating the terms of the insurance policy, if any, referred to herein.

**Section 13. Approval of Actions.** All actions heretofore taken by the officers, employees and agents of the District with respect to the transactions set forth above are hereby approved, confirmed and ratified.

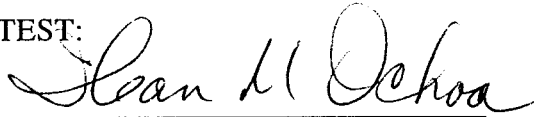
**Section 14. Filing with Board of Supervisors.** The Clerk of the Board of Education is hereby authorized and directed to deliver a certified copy of this District Resolution to the Treasurer for filing with the Executive Officer-Clerk of the Board of Supervisors.

**Section 15. Effective Date.** This District Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, May 21, 2002.

  
\_\_\_\_\_  
President of the Board of Education of  
the Azusa Unified School District

ATTEST:

  
\_\_\_\_\_  
Clerk of the Board of Education of the  
Azusa Unified School District

CLERK'S CERTIFICATE

I, Ilean M. Ochoa, Clerk of the Board of Education of the Azusa Unified School District, County of Los Angeles, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on May 21, 2002, and entered in the minutes thereof, of which meeting all of the members of the Board of Education had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES: 5

NOES: 0

ABSTAIN:

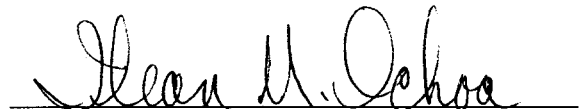
ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 546 South Citrus Avenue, Azusa, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

*Pursuant to Section 14 of the resolution, I have caused a certified copy thereof to be delivered to the Treasurer and Tax Collector of the County of Los Angeles for filing with the Executive Officer-Clerk of the Board of Supervisors of the County.*

Dated: May 21, 2002



Clerk of the Board of Education of  
Azusa Unified School District